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MILWAUKEE COUNTY TAX DELINQUENCIES GO DOWN

Delinquent taxes in Milwaukee County suburbs decreased by 11% this year. This is good sign for the economy said Milwaukee County Treasure Dan Diliberti as he released his annual delinquent property tax report today. This decrease echoes the report by the City Treasurer – who reported a similar 11% decline in delinquent property taxes in the City of Milwaukee.

"We are always happy to get good news on home finances," said Treasurer Diliberti. "Nevertheless, while this year's report on property tax payments is positive, our experience shows that the road to recovery continues to be a bumpy one. This year's county (suburban) delinquent tax decline of 11% follows last year's increase of 1/2%. The year 2011 yielded a decline of 10% but followed the previous year's increase of 2.5%. The years 2009 and 2008 yielded double digit increase in delinquent taxes of 13% and 24% respectively.

Milwaukee County suburban delinquent property taxes this year totaled $12.7 million," Diliberti added. "That is still an increase of 67% over the prerecession levels in 2005 and 2006 – when delinquencies averaged $7.6 million."

Treasurer Diliberti said he remained cautious about projections of economic recovery, adding that that the housing and retail sales sectors cannot undergo sustained recovery until the overall employment picture improves significantly.

"Unfortunately," Diliberti said, "unemployment statistics are still buffeted by seasonal employment, part-time employment and people giving up looking for employment. Instead, what we need to see is sustained and substantial increases in the numbers of family-supporting jobs. Meanwhile, people with jobs are struggling as they watch as their salaries erode as businesses shift increases in private sector health care costs onto employees, impose higher employee contributions for health insurance, and increase the amounts of deductibles and co-pays in their employees' insurance plans. Employers are also transferring costs of retirement from an employee benefit to an employee expense. In addition, workers paychecks are eroding by inflation, salary freezes, pay cuts, reduced hours, furlough days, and temporary or permanent layoffs. Increasing numbers of middle class students' college loans are also beginning to be recognized as a long-term drag on the housing sector as student debt problems become more widespread and adversely affect young families' ability to qualify for home loans.

As a result of all these pressures, the disposable income of Wisconsin working families is going down. In fact, the average household income in Wisconsin has dropped 9% in the last 10 years."

Diliberti cautioned that until the overall Wisconsin employment and family income picture improves, it will continue to negatively affect the economy. He said that this continuing impact is reflected in a report by CoreLogic, a leading provider of property analytics. That report states that in the 2013 second quarter, one in 22 Wisconsin mortgages (4.5%) is either in foreclosure or is in serious delinquency (90 days or more in arrears). Meanwhile, nearly one in eight Wisconsin mortgages remains underwater (negative equity). National studies have shown that the distribution of underwater mortgage has a disparate impact on working class families with shrinking incomes. Research has shown that home equity is concentrated at the high end of the market. Just 80% of mortgages on homes valued at less than $200,000 have equity as compared to 91% for homes valued at more than $200,000.

When planning their budgets, Treasurer Diliberti urged local governments to proceed with caution on property tax and sales tax revenue projections. Difficult times ahead are the prognosis offered by the International Monetary Fund (the IMF). For the sixth time in a row, the IMF lowered its global growth estimate - now predicting 0.3% this year and 0.2% next year."

Diliberti said that counties and cities are feeling the pain. "Local governments across the country are facing serious problems," he said. "Seventy-five percent of cities have cut services and more than half have increased taxes or service fees.

"Many of the issues around building an inclusive and sustainable recovery have yet to be addressed," he added. "Meanwhile, cities and counties need to use this opportunity to increase productivity, diversify their tax base and create new service delivery models through intergovernmental cooperation, collaboration and cooperation."

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